

Maine Revenue Services forecasts a decline in the estimated total tax burden on Maine residents in 2007. Decreases at both the state and local level contributed to the reduction.

Maine Revenue Services estimates that the state and local tax burden (also called “effective tax rate”) on Maine residents fell from 11.84% in calendar year 1996 to 11.00% in 2000. Then it began to increase as local property taxes increased at a higher rate than resident incomes. In 2005, that trend reversed; the local property tax burden began to fall as property taxes grew slower than incomes. That reversal coincided with the passage of LD 1 and the increase in state funding for K-12 education. Local property tax burden has fallen from 4.64% in 2004 to a forecasted rate of 4.29% in 2007. At the same time, the state tax burden has fallen from 7.13% to an estimated 6.85%, even as the state has increased aid to education. The total tax burden on Maine residents has followed the same path, falling from 11.76% in 2004 to an estimated 11.14% in 2007.

